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APRIL 1992

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INDUSTRIAL DISTRIBUTION

THE MANAGEMENT AND SALES MAGAZINE FOR DISTRIBUTORS

EXCLUSIVE
Fastener law bogged down p. 12

RUBBER PLUS: On top of the hose market PAGE 28

Ray Snow (left)
Charles Snow (right)
Rubber Plus Inc.
Knoxville, Tenn.

Meet ID's 1992 Salesperson-of-the-Year p. 22

How to spot a cutting tool pro p. 41

Gene Shaeffer's winning sales style includes always asking for the order and never giving up.—p. 22

"Cholly" Snow began in manufacturing, but he's got a knack for distributing hose.—p. 28

Look to the nearest hat rack for guidance on how to spot a top-flight cutting tool sales pro.—p. 41

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FEATURES

22 Good salespeople never give up
ID's Salesperson of the Year has a glass that's always at least half full. And in Detroit, that takes award-winning drive and tenacity.

28 These Snows know hose
Sixteen years ago, Ray and Charles Snow acquired start-up capital without having a back-up business plan. Their performance proves they didn't need one.

33 Making ends meet
Volatile, shifting markets are forcing hose and accessories distributors to change their business philosophies in order to stay even or, for the fortunate, to grow a bit.

41 How to spot a specialist
A cutting tool expert has to wear lots of hats. But in today's market, few of them resemble traditional sales attire.

MANAGEMENT

9 Editorial
Indiana tragedy claims nine of distribution's own.

45 Pacesetters
Donald G. Bethune
Dayco Products, Inc.

69 Business Report
Recovery begins in materials handling sector.

70 Clifton's View
Controlling workers' comp costs.

PROFITABLE IDEAS

51 Products for Profit
New products you can sell.

63 Sales Aids
The latest catalogs and brochures.

NEXT MONTH: How to get paid for value-added service.

DISTRIBUTOR'S UPDATE

7 At Press Time
Wallace files; I.D.A. sales drop; Briggs retires; Reynolds grows; SKF moves.

12 News
Fastener law unhinged; Prisble takes ID helm; Teleselling is diamond's best friend; Harbor masters tools and coolants.

48 Calendar

48 Association News
Tricks for success revealed.

SALES & MISC.

21 Computers
At last! Systems for the little guy.

47 Strictly for Sales
How to save a sagging seller.

65 Business Staff

66 Classified Marketplace

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BUSINESS REPORT

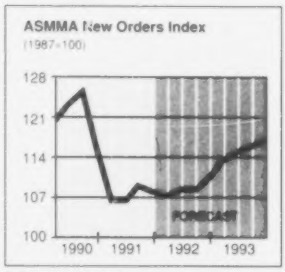
By Susan E. Farris

Materials handling aims at recovery

Industry will not recover last year's loss before 1993, however.

The materials handling industry suffered an 8.6% drop in output in 1991, its worse performance since 1983. Demand for materials handling equipment dwindled last year as manufacturers cut back their purchases during the recession. New orders of conveying equipment plummeted 14.6% in 1991, while orders of lift trucks fell off a more modest 1.9%. After shrinking 1.9% in 1991, industrial production is forecast to start expanding in the second quarter of '92. Since materials handling output lags overall production by three to six months, expect growth in the materials handling segment towards the end of 1992.

The materials handling industry is expected to benefit from the current economic conditions. Interest rates have tumbled to their lowest levels in twenty years, freeing up capital and increasing the prospects for new spending projects. Domestic manufacturers will strive to keep their operations efficient particularly when faced with growing demand later this year. As a result, expect manufacturers to boost spending on materials handling equipment in order to lower their inventory turnover and costs, and in turn speed up the production process. These factors, combined with last year's deferred purchases will translate into a 1.2% rise in output of materials handling equipment in 1992, followed by a 7.5% surge in production for 1993.

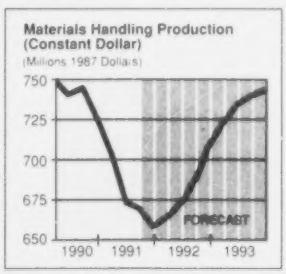


Data source: ASMMA
Forecast source: Cahners Economics

Data source: Cahners Economics
Forecast source: Cahners Economics

New orders of lift trucks started to pick up at the beginning of last year. Although orders dropped 1.9% in 1991, they are forecast to expand 2.8% in the first quarter of 1992 alone. Lift trucks orders are forecast to grow 6.8% for 1992. Conveying equipment orders are currently running about 15% below their 1991 levels and will not recover until mid-1992, when they will rise 0.5% for the year. Caster manufacturers, cabinets and shelving can expect to recoup last year's 10% drop in orders. By 1993, new orders of conveying equipment are expected to increase 6.7%.

Materials handling equipment averaged 7.0 weeks in 1991. Leadtimes started shrinking towards the end of last year and are forecast to remain fairly stable for most of 1992. Expect leadtimes to hover around 6.5 weeks this year, stretching to seven weeks in 1993.



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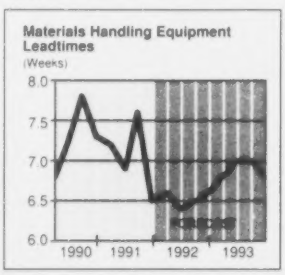
Forecast source: Cahners Economics

Data source: CEMA
Forecast source: Cahners Economics



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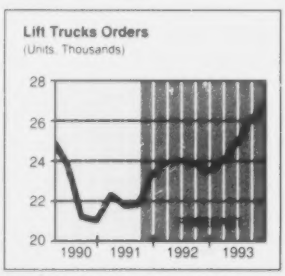
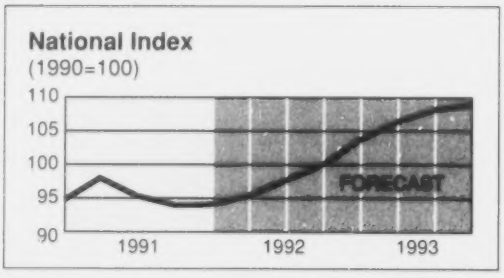


Data source: Industrial Trucks Association
Forecast source: Cahners Economics

I.D.A. REPORT

SALES (1990=100)	Jan. 1991	Dec. 1991	Jan. '92 vs. Jan. '91 % change
TOTAL	95.2	86.2	-1.9
EAST	93.3	91.5	-1.8
SOUTH	99.1	87.5	3.2
CENTRAL	96.7	84.5	-3.8
WEST	87.6	81.1	-7.0



SOURCE: Industrial Distribution Assn.